



BULLETIN

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Balancing Austerity with Ambitions: The (Close) Future of French Defence Policy

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The intervention in Mali confirms both the traditional French ambition to play a global security role and its willingness to engage in crisis-torn regions where it has well-established interests. In coming years, though, France will struggle to finance the military capabilities needed to underwrite its strategic ambitions. Consequently, France will become pragmatic in shaping its policies towards bilateral defence partnerships, NATO and the EU's CSDP. It will select those initiatives and partners that will help it close its own capability gaps or that offer its defence industry benefits.

Sustaining Strategic Ambitions. Despite the eurozone crisis, the rapid fall of defence spending across Europe and the rising reluctance of Europeans to engage in peace and stabilization operations, France still aims to be among the defence avant-garde. A perfect example of sustained French strategic ambitions is a recent report by former Foreign Minister Hubert Védrine on the consequences of France's return to the integrated military structure of NATO. The document calls on France to be vocal about its national interests in NATO, counter U.S. influences and be a leader for the European allies' caucus. Further, France should keep its own, genuine strategic vision and avoid being "absorbed" into NATO's threat perception and operational concepts. The upcoming White Book on Defence and National Security is likely to further reinforce France's renewed bid for strategic leadership in Europe. It is expected to focus on maintaining France's military presence in Africa and its overseas territories in Asia and Pacific as a means of maintaining a French global footprint.

To meet these ambitious goals, however, France needs to maintain a full spectrum of modern military capabilities. This may be tricky during the deepening financial crisis.

Unplanned Cuts. In 2012 France spent €31 billion, or 1.6% of its GDP excluding pensions, on defence, ranking it second in the EU after the UK. Unlike the majority of European states, French military expenditures were not affected much by the first wave of the fiscal and economic crises. Total 2009-2012 defence spending was cut by merely 3% and was planned to increase by 1% above inflation each year from 2013.

However, as France was forced to balance its central budget, strained by large deficits and weak economic growth, it revised those plans for 2013/2014. Instead of a slight increase, the defence budget will be frozen at about €30 billion. More cuts are likely in defence expenditures under the Multiannual Financial Framework 2014-2020, which will be adopted later this year. The total sum for the five-year period is expected to be trimmed by €40 billion, or 130% of the 2012 budget, and at least 15% less than France would have to spend just to keep the level from the 2008 White Paper declarations.

The difficult fiscal situation will affect the French armed forces. Although reforms introduced in 2008 to allow for savings and generate synergies will scale down the force from 314,000 to 230,000 and result in the closure of redundant facilities, there has been no major revision of the acquisition plans to date. France has pursued an ambitious equipment modernisation plan, involving billion-euro investment programmes, both multinational (e.g., the A400M airlifter) and national (e.g., Rafale fighter jets). With the upcoming cuts, some of these projects may turn out to be unsustainable. Only the French nuclear deterrent is bound to withstand fiscal austerity, for strategic and safety reasons. Meanwhile, French conventional military capacity is degrading: key equipment is either at the edge of obsolescence (e.g., airlifters, flying tankers, satellite communications) or scarce (UAVs, precision-guided munitions).

Pragmatism and Selectiveness. Aware of the adverse effects of austerity on military capacities and willing to sustain its strategic ambitions, France has become increasingly pragmatic in its defence cooperation and seeks benefits in terms of military capabilities rather than mere political agreements.

Consequently, France has already given up pushing forward the *l'Europe de la defense* concept. Although it vocally supports developing the EU's military capacity, it will not push it at all costs and is reluctant to invest real resources in CSDP. Also, NATO is not considered the security cooperation framework of choice, as demonstrated by the French hesitation to put the Libyan operation under the command of NATO. Traditional mistrust towards the U.S.-dominated alliance comes into play as much as French desire to be perceived as a distinctive security actor, having its own, rather than NATO-dependent strategic outlook. Still, both the EU's pooling and sharing and NATO's smart defence initiatives are of much interest to France, which is seeking economic and operational benefits from participation in selected projects, such as helicopter training programs or by pooling maritime patrol aircraft.

The strategic and economic motives behind the 2010 Franco-British Lancaster House agreement—aligning with a partner of similar strategic culture and sharing the costs of key capabilities—are likely to drive the French approach to defence cooperation during the years of austerity. In both addressing the crises and developing its capabilities, France will choose partners able to bring concrete assets to the table. For this reason, the UK is likely to remain a key partner of France. Although the relationship is strained by slow progress in implementing the agreed industrial projects, the failure of the aircraft carrier-sharing concept and new French rhetoric that diminishes the importance of cooperation with the British in favour of European solutions, successful cooperation in the Libya operation has built the grounds for a longstanding operational alignment.

Apart from the UK, France can hardly find other European partnerships from which to benefit. An exception might be Germany—in a February 2012 joint declaration, both countries announced an enhanced strategic dialogue, with the aim to better coordinate their national capability development and operational activity. It is, though, unlikely to happen as Franco-German relations are now at odds—the German halt of the BaE-EADS merger being the latest in a series of discordant moments that began with the divergence in views over the Libyan intervention.

Franco-Polish Defence Cooperation. Having no real peer for defence cooperation in the EU, France will seek partners for selected capability development and industrial projects. France already considers Poland to be among such potential partners. The prospects for closer Franco-Polish defence cooperation are, however, mixed.

On the political level, both countries can build on the Weimar and “Weimar plus” formats (Poland, France, Germany, Italy and Spain) and pursue the concept of a more robust CSDP. Nevertheless, a meaningful initiative, such as reviving the idea of an EU Headquarters for military operations or starting the debate on the implementation of the Permanent Structured Cooperation mechanism of the EU's Lisbon Treaty, seems unlikely under France's pragmatic approach towards the concept of European defence. As for military cooperation, Poland and France may find more options: bilateral collaboration can be developed in the form of such things as more intensive exchange of staff officers, mutual participation in field exercises or closer cooperation of their military academies. Both countries could also look into starting a joint pooling and sharing/smart defence project based on lessons learned or simply common training to start with. Nothing suggests, though, that either France or Poland are ready to propose creating a multinational capability of any kind. Similarly, there is little chance of making the “Weimar” EU Battle Group—currently on standby—a nucleus of permanent defence cooperation between France, Germany and Poland.

Franco-Polish defence industrial cooperation seems more promising. On the one hand, France is interested in shielding its defence sector from the effects of austerity and, thus, seems ready to transfer state-of-the-art technologies if it can secure a large export contract. On the other hand, Poland is modernising its armed forces and seeking a technological impulse for its own defence sector as well as a lasting industrial partnership. Consequently, Poland may find an attractive partner in French companies, provided they are open to cooperating with Polish counterparts on a peer-to-peer basis. So far, identified areas of cooperation include shipbuilding (with France's DCNS interested in collaboration with Polish shipyards), air and missile defence (the Bumar-MBDA “Shield for Poland” proposal) and helicopters (a Eurocopter bid for a Polish contract on support helicopters). Moreover, a thorough feasibility study is required to define how Poland and France may most benefit from closer industrial ties.